CLASSIFICATION 25X1A9a Approved For Release 1999/

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RY China

Chinese Communist Progressive Taxation System in

the Kuantung Peninsula

25X1A6a

PLACE **ACQUIRED** 

SUBJECT

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- The Chinese Communists in the Kuantung Peninsula have instituted a system of progressive taxation under which the average wealth per capita was computed and all personal property and wealth over this amount declared taxable.
- 2. Before the implementation of the progressive tax law, a thorough survey of farm land was made and all land was classified into three categories, depending on the productivity. The Farmers' General Union then sent specialists to the field to investigate each mou (.16 acre) of farm land with the assistance of local village officials of the union.
- As a result of the survey and investigation, the Communists arbitrarily designated each taxable "unit of wealth" equal to one "standard mou." The "standard mou" is a unit of productivity and does not conform to the land measurement of a mou. It is the amount of land that can produce one shih (133.3 pounds) and two tou (13.3) pounds) of food a year. If a given mou actually produces two shih and four tou of food a year it is recorded as two "standard mou," or two "wealth units." Conversely, an area of land greater than one <u>mou</u> in area which yields only one "standard <u>mou</u>" of food is listed as one "wealth unit."
- areas of land are taxable under the following classifications:
  - a. Public land which has been leased from the Chinese Central or local .. government.
  - Private land.

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- School land which has been donated.
- factory land, whether it is cultivated or not.
- e. Land in custodianship. The custodian or the person who cultivates the land must pay the taxes. Document No.

NO CHANGE in Class. DECLASSIFIED Class Changed 19:

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CENTRAL INTELLIGENCE ACCORD

 ${\mathbb Z}$ . Confiscated land of collaborators. The present administrator of the land must pay the taxes.

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- g. Mortaged land. The mortgagee must pay the taxes.
- h. Abandoned land which was formerly cultivated.
- 5. Personal property such as gold and silver, stocks and shares, cash and other wealth not produced from the land is also taxable, and an itemized account of all such possessions must be submitted to the local Communist government, which evaluates these items in terms of points for taxation.
- 6. Every family deducts 12 "wealth units" per person as tax exemption. After the exemption points are deducted from the total "wealth units," individuals are placed in one of 13 categories. The tax increases in proportion to the individual's "wealth units." Additional exemption points are given to poor families and families of conscripts, veterans and wounded soldiers.
- Taxes are collected twice a year and half of the total tax must be paid each time.



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